

May 16, 2022

The Honorable Paul Marquart  
Chair, Tax Committee

The Honorable Carla Nelson  
Chair, Tax Committee



**Re: “Protect Patients” Bill (House Tax Bill, HF 3669, 3<sup>rd</sup> Engrossment, Article 10, Section 4)**

Chair Marquart, Chair Nelson, and Conferees,

I am writing on behalf of the Minnesota Asset Building Coalition (MABC) to urge you to include the **Protect Patients Bill** in your Conference Committee Report. Minnesota law allows some private healthcare companies to utilize the state Revenue Recapture process to seize a patient’s tax refund to pay medical debt. The Protect Patients Bill eliminates this statutory authority.

MABC is a statewide coalition of 135 nonprofit organizations working together to create asset building opportunities and remove barriers to economic mobility. We’re grateful to Representative Reyer and Senator Abeler for taking the lead on this bill and to both Tax Committees for hearing the bill in 2021. The “Protect Patients” provision is currently included in the House Tax Bill.

This legislation is a top priority for MABC because:

- Revenue Recapture enables private healthcare companies to circumvent legal protections intended to protect low-income debtors from aggressive debt collection practices.
- Data show that utilization of revenue capture for private healthcare companies unfairly and disproportionately harms the most financially vulnerable Minnesotans.
- Collecting on behalf of private healthcare companies is a misuse of public agency resources.

Some Minnesota healthcare companies that could utilize Revenue Recapture have discontinued participating in the program, recognizing that it hurts low-income patients. Families living paycheck to paycheck often rely on their tax refund to replenish emergency savings and meet basic needs. Revenue Recapture can be used to seize a patient’s Working Family Credit, Renter’s Credit, or Property Tax Refund. This can undermine families’ careful budgeting and force patients to turn to credit cards, other high-interest means, or public assistance to pay bills. Please see the attached fact sheet for more details on how Revenue Recapture disproportionately harms low-income families.

MABC appreciates the healthcare companies that have voluntarily discontinued using this harmful collections practice and asks the Tax Conference Committee to eliminate the authority for any private healthcare company to use Revenue Recapture to collect medical debt.

Sincerely,

Anna Odegaard  
Director, Minnesota Asset Building Coalition

# PROTECT PATIENTS from REVENUE RECAPTURE

HOUSE FILE 1795 (Reyer) | SENATE FILE 544 (Abeler)

## The Problem

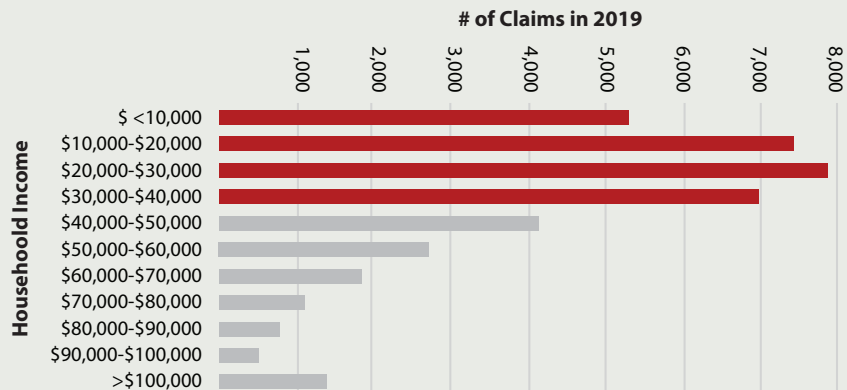
A special provision in Minnesota law allows some private healthcare companies to collect medical debt by seizing a patient's tax refund. This state-facilitated process, called "Revenue Recapture," enables private healthcare companies to circumvent legal protections enacted to shield low-income debtors from overly aggressive debt collection.

## LOW-INCOME FAMILIES ARE MOST IMPACTED BY REVENUE RECAPTURE

Revenue Recapture allows private healthcare companies to circumvent legal protections intended to shield low-income debtors from overly aggressive debt collection.<sup>1</sup>

	STANDARD DEBT COLLECTION	REVENUE RECAPTURE
<b>Judgment Requirements</b>	Collection agencies must obtain a court judgment against a patient to garnish their wages or bank account.	Private healthcare companies can refer patient debt to Revenue Recapture without obtaining a court judgment.
<b>Public Benefits Recipients</b>	Collection agencies can't garnish a person's wages or bank accounts if they have received income-based public benefits in the last six months.	No such restrictions.
<b>Payment Plan Compliance</b>	Healthcare companies can't send hospital bills to collections if the patient is complying with a payment plan.	Entire balance can be referred to Revenue Recapture despite payments being made.

Families making less than \$40,000 a year account for over two-thirds of Revenue Recapture claims for medical debt.<sup>2</sup>



## Bill Summary

This bill eliminates the statutory authorization for private healthcare companies to refer patient debt to the state Revenue Recapture process for collection.



In 2018, nearly 750,000 Minnesotans had medical bills in collections, equal to 17% of adults.<sup>3</sup>

Some healthcare companies have voluntarily stopped using Revenue Recapture...

**"Sanford wants to make sure we're doing the right thing for patients. But this is a dissatisfier for patients if they're expecting a tax refund and we're taking it away from them."**<sup>4</sup>

– Mike Beyer, Senior Director of Patient Accounts, Sanford Health, June 2019

For additional information, please contact Anna Odegaard at [aodegaard@mnlisap.org](mailto:aodegaard@mnlisap.org).



1 Office of the Minnesota Attorney General. "Garnishment," accessed April 14, 2022 at <https://www.ag.state.mn.us/Consumer/Publications/Garnishment.asp>; "The Minnesota Attorney General Hospital Agreement," accessed April 14, 2022 at <https://www.ag.state.mn.us/Consumer/Publications/MedicalBillingPointers.asp>.  
 2 Minnesota Department of Revenue. Data request by Minnesota Asset Building Coalition, February 3, 2022. Calculations exclude Revenue Recapture claims for which the household income is unknown.  
 3 Financial Capability Study: 2018 Full Data Tables by State. Accessed March 14, 2022, at <https://www.usfinancialcapability.org/downloads.php>  
 4 Meyer, Harris. "Some Hospitals Seize Patients' Tax Refunds." Modern Healthcare. June 15, 2019.